

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|----------------------------------|---|----------|
| APPLICATION OF NOLIN RURAL |) | |
| ELECTRIC COOPERATIVE CORPORATION |) | CASE NO. |
| FOR AUTHORITY TO BORROW THE SUM |) | 95-202 |
| OF \$1,492,000 FROM THE NATIONAL |) | |
| RURAL UTILITIES COOPERATIVE |) | |
| FINANCE CORPORATION, AND TO |) | |
| EXECUTE A NOTE FOR SAID AMOUNT |) | |
| AND MORTGAGE SECURING SUCH NOTE |) | |

O R D E R

Nolin Rural Electric Cooperative Corporation ("Nolin") filed its application on May 2, 1995 for approval to borrow \$1,492,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes for such loan. The proceeds from this loan and from a loan to be obtained from the Rural Utilities Service ("RUS") will be used for the purpose of making improvements and extensions to the existing system, to carry out its 1993-1995 work plan and to contribute to the payment of short term indebtedness owed to CFC. Nolin filed documentation from CFC with the application and from RUS on May 30, 1995 indicating that the loans had been approved by those agencies.

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Nolin, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform

that service, and is reasonably necessary and appropriate for such purposes.

2. Nolin is capable of executing its notes as security for the loan as stated herein.

3. Nolin should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Nolin should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Nolin's application.

6. Nolin should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency does not require Commission approval, KRS 278.300(10), and as the RUS is an agency of the federal government, no action on Nolin's proposed loan from the RUS is required.

IT IS THEREFORE ORDERED that:

1. Nolin is authorized to borrow \$1,492,000 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Nolin at the time the first monies are drawn from CFC,

subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

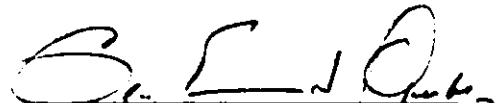
2. Nolin is authorized to execute its notes as security for the loan herein authorized.


3. Nolin shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

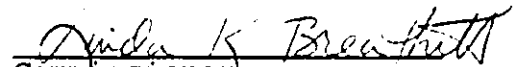
Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 27th day of June, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director